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Second country cooperation framework for Egypt (2002-2006) *

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* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.

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Introduction

1. The second country cooperation framework (CCF) for Egypt, which covers the period 2002-2006, outlines the UNDP contribution to national initiatives for achieving sustainable human development, within the context of Egypt's Fifth National Development Plan, 2002-2007. The CCF preparation process was led by the Ministry of Foreign Affairs in consultation with all development partners. The CCF was prepared on the basis of the United Nations common country assessment (CCA), the UNDP strategic results framework (SRF) for 2000-2003, the Joint UNDP/UNFPA Country Review report, the regional cooperation framework (RCF) and taking into account new corporate policy directions and approaches. The CCF was also based on key recommendations made in a common position paper prepared by the Donor Assistance Group for the Consultative Group meeting which took place in February 2002. The CCF is fully consistent with the areas and approaches suggested by the United Nations Development Assistance Framework (UNDAF), and its time frame is harmonized with the country programme cycles for UNICEF and UNFPA. Areas of concentration in the CCF were selected based on the central role of UNDP in development cooperation in Egypt and its worldwide comparative strengths in providing technical services.

I. Development situation from a sustainable human development perspective

2. In spite of the overall advances in the area of social development during the 1990s, poverty remains an enduring problem for Egyptian society. The 2001 *Human Development Report* ranked Egypt 105 in the Human Development Index (HDI), with the high incidence of adult illiteracy being one major cause of concern. Based on Egypt's Household Income and Expenditure Survey, 1999-2000 (ILO Study 2001), poverty incidence is estimated at 20 per cent of the total population, with about 7 per cent of the population being considered as ultra-poor. Since the early 1990s, a structural adjustment and economic reform programme has been under way in Egypt, although relative stability was returned to the Egyptian economy before the introduction of the structural adjustment programme.

3. Although progress in social and human development is a priority of the Egyptian Government, the country still lacks a comprehensive poverty reduction strategy. Poverty analysis in Egypt has been severely hampered by the absence of a rigorous and systematic assessment of poverty incidence. The Government's overarching objective, as expressed in its own development plans, is to modernize the State and to achieve a private sector-led growth rate of 7-7.5 per cent that would create gainful employment opportunities and reduce the incidence of poverty.

4. Broad social development approaches have been adopted to expand education across all of society and increase accessibility of public health services. The Government's recognition of the importance of lowering the population growth rate has led to the strengthening of programmes in family planning, reproductive health and infant mortality, as well as health services that reach low income rural and urban areas. The population growth rate was reduced to 2.1 per cent in 2000 and the Government intends to lower the rate to 1 per cent by the end of the present decade.

5. The achievement of growth with equity in both the economic and social sectors is not possible without a skilled and demand-driven labour force. Egypt's official unemployment rate was 7.4 per cent (20.2 per cent for women) in 2000. Satisfying the employment needs of the population is hampered by a high illiteracy rate, estimated at 39 per cent, while that for women is estimated at a staggering 46 per cent. Closing the gender gap in the areas of literacy and employment will therefore constitute a critical challenge for Egypt.

6. In the 1990s, environmental concerns emerged as a key national priority to protect Egypt's human and natural resources from the adverse impacts associated with environmental degradation. The need to arrest the increase in poverty, while at the same time reversing the current trends of environmental degradation, remains one of Egypt's largest challenges.

7. Strengthening the State and empowering civil society and other development actors is fundamental for sustainable human development. In this respect, strengthening political participation, moving towards decentralization and implementing legal and institutional reform are critical for the overall

development of civil society participation, which in itself remains a prerequisite for the realization of sustainable human development.

8. Legal and institutional reforms are under way to modernize and increase efficiency, increase technical capacity and empower civil society. At the same time, the Government is strengthening the capacity of those national institutions responsible for protecting human rights, especially with regard to the justice system.

9. With respect to the advancement of women, the Government has consistently expressed its commitment to integrating women fully in the development process by narrowing gender gaps in education, employment, health, political participation and decision-making. In this respect, a national machinery to advance the status of women was established in 2000, namely, the National Council for Women. The Council is mandated to prepare the National Plan for the Advancement of Women and to mainstream gender into national plans.

Challenges ahead

10. The present CCF is based on the findings of the CCA, which was finalized by the United Nations Country Team in December 2001, and adheres to the development priorities outlined in the UNDAF that was finalized in early 2002. The CCA provided a comprehensive picture of the country's development context and identified opportunities and challenges through a set of thematic assessments (population and health, food security, education, children and youth, employment, environment, information technology, governance and human rights).

11. The challenges facing Egypt for achieving sustainable high growth and poverty reduction call for significant deepening of structural reforms, as well as addressing cross-cutting issues of increasing relevance to Egypt's economic and social development, such as employment, skill development, sound governance, financial sector reform, environmental issues, gender and promoting the use of information technology for development.

12. For UNDP the challenge is to play a significant role as a policy adviser to the Government and to establish good relations with donors and other development actors, while continuing the traditionally good cooperation with the national authorities. In particular, UNDP must embrace the opportunities offered by partnerships with the private sector and civil society organizations (CSOs).

II. Results and lessons of past cooperation

Results

13. The main themes of the first CCF period, 1997-2001, were: (a) poverty eradication and sustainable livelihoods; (b) protection of the environment and the sustainable use of natural resources; and (c) promotion of sound governance. During that period, the importance of the national execution (NEX) modality and policy dialogue with the Government was placed at the centre of UNDP cooperation.

14. Most significantly, Egypt was a pioneer in the implementation of UNDP NEX programmes and projects. In the current CCF, 87 per cent of the UNDP programme is being delivered under the NEX modality. The NEX modality has succeeded in giving overall responsibility and leadership to national authorities. It has proved to be a more cost-effective modality for technical cooperation, also because inputs are mainly obtained nationally. The NEX modality has helped in enhancing national capacities through the creation of: (a) think tanks to define and manage long-term strategy development; (b) task forces to define substantive development policies; (c) technical secretariats to manage policies and development resources in specific areas; and (d) operational units to implement activities.

Lessons

15. The UNDP move to upstream policy advice is still relatively new to both the Country Office and the Government. While, on the one hand, support to the National Conference on Social Development in 2000 did not result in expected poverty-oriented policies, on the other hand, long-term advocacy has succeeded in shedding light on the issue of mine action in Egypt. Given the limited UNDP resources, lessons have shown that policy impact is more likely when linked to

a downstream pilot initiative that can demonstrate potential results in a concrete manner.

16. Egypt's National Human Development Report, as a flagship advocacy tool, has helped to direct attention to the social dimensions of development and the implications of economic reform on people. This role has become increasingly critical as the gap between economic growth and human development and human security persists. The UNDP comparative advantage and acquired knowledge in poverty mapping is appreciated by both the Government and the donor community, and consequently, should continue to be a major part of the UNDP programme.

17. Over the years, UNDP has successfully contributed to establishing major players in the development of Egypt, such as the Social Fund for Development and the Information and Decision Support Centre. Today, these entities are effective in reducing poverty through their contributions to employment generation or to local planning, and UNDP continues to work with these partners. These best practices began with innovative ideas supported by UNDP, a practice that UNDP will continue in the areas of small and medium-size enterprises (SMEs) and information and communications technology (ICT) for development.

III. Proposed strategy and thematic areas

18. The economic and social development situation, outlined in section I shows that Egypt faces some major challenges over the next few years, with poverty and gender disparities at centre stage and cross-cutting. Some of the challenges include: employment generation, enhancement of social safety nets, upgraded education and the eradication of illiteracy. An analysis of the country's needs, and an assessment of the relative advantage of UNDP in supporting the development agenda of the Government of Egypt, shows that UNDP is best placed to provide assistance in the following strategic areas: (a) job creation and capacity development; (b) environmental management; and (c) governance for human development.

19. UNDP Egypt has limited core funding. However, the organization has successfully established a credible image by working with key partners, playing a needed role in donor coordination, funding innovative pilot projects, and providing efficient and effective services to its clients. UNDP will continue to pursue this strategy in the next CCF and concentrate on multiplying its funding partners.

20. In selecting the above-mentioned thematic areas, UNDP is responding to the priority development needs of Egypt. As such, UNDP is able to apply the lessons from its previous programme, benefit from the expertise and best practice developed in UNDP globally as well as locally, and concentrate its resources on fewer and more-focused results. The recent shifts in the Country Office from distinct thematic units to a team approach in programme ensure greater communication and consequently, better coverage of cross-cutting issues.

22. n accordance with the goals of the UNDAF and in full collaboration with the United Nations Country Team, UNDP will provide policy advice, support institutional building activities, and concentrate on building the capacity of different national development partners. Egypt's National Human Development reports will continue to be a major contributor to UNDP policy dialogue with the national authorities. UNDP will also support the Government in producing an Anti-Poverty Action Plan, while also helping to move forward the Millennium Development Goals (MDGs) campaign at the country level, including the production of periodic progress reports on the MDGs. Feeding into these activities will be lessons learned from policy demonstration projects, which will be enriched by the promotion of partnerships with the Government, non-governmental organizations (NGOs), donors and academia as a means of ensuring greater ownership and impact of development initiatives. Finally, special reference is made to the cross-cutting themes such as ICT, HIV/AIDS and gender. UNDP consideration of gender as a cross-cutting theme does not detract from its importance. Programme results are expected to contribute to the following SRF sub-goal: the advancement of women through the implementation of global commitments.

23. UNDP Egypt has enjoyed a solid relationship with the Ministry of Foreign Affairs as well as other strategic line Ministries at the highest government level. In its partnership strategy during the second CCF, UNDP will continue to build and strengthen relationships with the key government counterparts, as well as building relations with potential new partners in the donor community and the private sector. Moreover, UNDP will seek to strengthen its partnerships with other United Nations agencies, CSOs and academia, and place an emphasis on forging strategic

partnerships with the main media organizations in the country to communicate important social messages.

A. Job creation and capacity development

24. The outcomes resulting from UNDP support in the areas of job creation and capacity development will contribute to the following SRF sub-goals: (a) expansion and protection of the asset base of the poor; and (b) an efficient and accountable public sector.

25. Past UNDP cooperation, particularly through the Social Fund for Development, a safety net created to address the social impact of major reforms, has demonstrated the effectiveness of innovative active labour market policies to support the Government's strategy for enlarging job opportunities and putting the long-term unemployed back into the job market. Through the second CCF, UNDP will support projects that aim to create some 750,000 jobs a year for new labour market entrants.

26. To achieve this, UNDP will assist the Government in the formulation and implementation of a national employment programme; the development of a labour market information system and the creation of a labour supply-and-demand matching system for job-seekers. This programme will also take into account the needs of particular disadvantaged groups, such as those directly affected by privatization and redundancy, the long-term unemployed and women.

27. UNDP support will also assist the Government in training and upgrading the skills of the labour force, and creating a balance between increased returns to labour and increased productivity. This includes, inter alia, strengthening social institutions and safety nets such as the Social Fund for Development. In this regard, support to SMEs through the promotion of innovative approaches, such as Integrated Business Support Centres, which will provide training, information, support services and technical assistance to SMEs, and innovative lending and job creation schemes (including setting up Business Incubators) will be a core pillar of the strategy to promote entrepreneurship.

28. UNDP will support the Government's programme for basic skills development among certain groups, such as women, youth and the disabled. This effort will aim to prepare members of these groups to enter the labour market and help them to be more active members of their communities, thus helping to strengthen people's capacities to overcome poverty. This will be done by focusing on increasing literacy and imparting life skills training. UNDP will work with NGOs and educational institutions to disseminate a CD-ROM on literacy, while also working with the media to communicate pertinent social messages.

29. While Egypt is a leader in the Arab world in terms of the "new economy", access to technology and the Internet remains limited to a modest number of users (no more than 1-2 per cent of the population have access to the Internet). The recent establishment of the Ministry of Communication and Information Technology is indeed a positive step forward. Addressing the "digital divide" will be a priority concern for the second CCF and will involve building on previous cooperation in the area of providing IT access to citizens through the establishment of Technology Access Centres. UNDP support will aim to increase the number of people with access to the benefits of the Internet and the knowledge economy by 3-5 per cent over the next three to four years. Vehicles for achieving this will be the full operation of the Egyptian ICT Trust Fund, the creation of a Community Portal and the establishment of an Internet franchising scheme.

B. Environmental management

30. Based on the Country Office SRF, results in this thematic area are expected to contribute to: (a) sustainable environmental management and energy development to improve the livelihoods and security of the poor; and (b) regional and global instruments for environmentally sustainable development that benefit the poor.

31. UNDP will continue to support Egypt in its goal to protect and regenerate the environment as an important means of achieving sustainable human development. During the second CCF, this will mainly focus on providing advice to the Government on environmental management policies, strategies and practices, supporting the implementation of demonstration projects, and acting as a catalyst to foster partnerships at the international, regional and local levels among the donor community, international agencies, CSOs, the private sector and research institutions.

32. UNDP will continue to work at the upstream level by assisting in developing national policies and strategies, including the National Environmental Action Plan (NEAP). Progress in this area will be measured by the extent to which an enabling legal, institutional and regulatory climate for environmental protection and sustainable development programmes is guaranteed through new legislation and enforcement and monitoring mechanisms. Priority areas in this regard are water and wastewater management, energy conservation and agricultural development.

33. The institutionalization of public-private partnerships in the area of environmental protection, involving the Government, NGOs and the private sector, will be another benchmark of progress towards modifying the culture and attitude towards the environment. Through such mechanisms, UNDP aims to demonstrate the role and effectiveness of multisectoral alliances in mobilizing resources for sustainable environmental management.

34. UNDP will promote regional cooperation activities such as the Nile River Basin Cooperative Framework and Conservation of Mediterranean Wetlands.

35. UNDP will continue the coordination of the activities of bilateral development assistance institutions in Egypt and the promotion of access to international funding mechanisms such as GEF and others.

36. UNDP will facilitate linkages with international convention secretariats in meeting Egypt's obligations under international treaties, including the United Nations Framework Convention on Climate Change, Convention on Biodiversity, International Waters, the Montreal Protocol, and others.

37. UNDP will continue to demonstrate and transfer environmentally sound technologies for sustainable development in the focus areas of climate change, biodiversity and international waters. In the field of climate change, UNDP will promote renewable energy technologies and efficient lighting systems and energy conservation techniques, as well as clean development mechanism activities, including the introduction of fuel cell buses and electric buses. With regard to biodiversity, UNDP will promote the conservation and sustainable use of medicinal plants and the conservation of natural wetlands. For international waters, UNDP will support the protection of groundwater and international surface waters from pollution, as well as demonstrate low cost techniques for wastewater treatment.

C. Governance for human development

38. Strengthening the State and empowering civil society and other development actors is fundamental for sustainable human development in Egypt. With the changing role of the State vis-à-vis globalization and the adoption of market economy approaches, there is a need for Egypt to modernize processes and systems which will help to create enabling regulatory and legal frameworks and support institutional development as well as encourage more participation of people in planning and in decision-making in the quest to identify development needs. The key element of this vision is the development of an empowered civil society which can genuinely push forward improved political participation, foster decentralization and support legal institutional reform. In this regard, UNDP will support the Government in the following areas: decentralization and participation in planning, institutional development and support to human rights and governing institutions. The outcomes associated with this support will contribute towards attaining the following SRF sub-goals: (a) national, regional and global cooperation that widens development choices for sustainable and equitable growth; (b) strengthened capacity of key governance institutions; and (c) increased social cohesion based on participatory local governance and stronger local communities and institutions.

39. *Decentralization and participation in planning.* UNDP will continue to support government efforts to transfer the socio-economic and physical planning processes from central to regional levels and to set up appropriate forums for the participation of the private sector and other stakeholders, including civil society, in development planning at the local level. Specific measures such as holding public forums and facilitating dialogue between the Government and the private sector in three regions of the country will enable citizens and business interests to influence physical planning. The aim will also be to enhance the capacity of local administrations to minimize rural-urban disparities, gender disparities and regional differences. One major achievement in this area will be an analysis of human development trends, including the calculation of HDI indicators in all Governorate regions. The analysis will, for the first time, calculate

the HDI at the Governorate, Markaz, and/or village levels. UNDP will work with the Ministry of Local Development, the Information Decision Support Centre and Governors' offices by providing information and indicators for development. In one demonstration project, UNDP and the Support Centre will remove existing impediments to access of information in one Governorate and measure the extent of improved information exchange and access by different government departments and citizens. Equally important, UNDP will support the national authorities in designing and implementing wide-scale public education and awareness campaigns and improving people's access to information through ICT tools and social advertising.

40. *Institutional development.* As Egypt embarks on a programme to modernize its government, UNDP will provide technical and/or financial support to efforts in re-engineering and restructuring different government institutions. It will assist with the modernization of state institutions and strengthening institutional performance in areas such as civil service reform, economic management, aid coordination, space technologies and civil society empowerment. For example, in the area of aid coordination, UNDP will support the Government's efforts to increase its technical capacity to more closely monitor donor-assisted projects, as well as to evaluate their impact to ensure better matching of government and donor priorities. In addition, an external Assistance Management and Information System will be established in the Ministry of Foreign Affairs, which will be able to indicate the volume of aid flows to particular regions of the country. UNDP will continue to support the creation of legal and regulatory frameworks for ICT for development to remove impediments to e-government and e-business as well as providing policy options for enhancing ICT industries. In addition, UNDP will support the formulation of strategies and national action plans for the advancement of women in accordance with the framework of the Beijing Platform for Action, and will support the National Council for Childhood and Motherhood to produce a National Plan of Action for Girls' Education. UNDP will also support the National Council for Women to set up a Geographical Information System on the status of women in education, political participation, women's health and women in the formal and informal sectors.

41. *Support to human rights and governing institutions.* UNDP will continue to support the Government in developing human rights training materials for judges, prosecutors and police, and will support the production of human rights materials for use by the media. Materials will be produced in Arabic and the initiative will aim to raise awareness and understanding, with a view to changing attitudes about human rights among government officials and citizens. UNDP also aims to provide technical assistance to the Government in reporting on progress towards meeting Egypt's international human rights obligations. UNDP, together with other development partners, will target its limited resources to support the following: setting up effective parliamentary processes and legislative procedures; training newly appointed members of parliament in their roles as legislators and strengthening electoral processes (e.g., voter registration). These activities will be undertaken in cooperation with the People's Assembly. In addition, UNDP will aim to improve the administration of court systems and provide training for judges, lawyers and support personnel. At the Government's request, UNDP will support the necessary resource mobilization for these activities. Finally, UNDP will continue to address Egypt's landmine problem (Egypt is one of the most heavily mined countries in the world). UNDP will support the efforts of the National Committee for Mines by helping to remove obstacles (policy, technical and financial) to more efficient mine clearance, and enhance coordination among institutions to utilize this vast land area for development purposes.

IV. Management arrangements

42. *Execution and implementation modalities.* It is expected that the largely prevailing use of the national execution modality will continue.

43. UNDP will continue its efforts through the Office of the Resident Coordinator to bring more coherence and harmonization to United Nations system programmes and activities. This concerted effort will be based largely on the CCA and UNDAF processes.

44. Recognizing the substantial technical role that United Nations agencies can play in the implementation of UNDP programmes, the Country Office will continue to bring relevant United Nations system expertise to bear where it is

needed. Linkages with regional programmes under the Regional Cooperation Framework, as well as with the Economic Commission for Africa and the Economic and Social Commission for Western Asia will also be ensured. A specific linkage to the RCF is through the ICT regional initiative.

45. Coordination of UNDP programmes with the donor community will continue through the Donor Assistance Group and its thematic sub-groups.

46. *Monitoring, review, evaluation and reporting.* As part of its management strategy during the coming CCF period, the Country Office will ensure that UNDP projects have the required management capacity. It will also increase its programme performance by reinforcing the results-based management culture in the office, with increased emphasis on monitoring and evaluation. To ensure progress towards the desired impact, mid-year Country Office management reports and results-oriented annual reports (ROARs) will be prepared as a means of programme progress assessment and monitoring.

47. *Resource mobilization.* Identifying opportunities for resource mobilization will be critical for the sustainability of Country Office activities in the upcoming period, given declining TRAC (target for resource assignment from the core) resources. UNDP Egypt will continue to strengthen its partnership with the Government and key bilateral agencies.

Annex

Resource mobilization target table for Egypt (2002-2006)

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated carry-over	734	Includes carry-over of TRAC 1, TRAC 2 and the earlier AOS allocations.
TRAC 1.1.1	5 551	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	400	
Subtotal	**6 685**[a]	
UNDP other resources		
Government cost-sharing	90 000	
Third party cost-sharing	3 500	
Funds, trust funds and other	24 100	
	of which:	
GEF	24 000	
Arab Poverty Fund	100	
Subtotal	**117 600**	
Grand total	**124 285**[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.
Abbreviations: GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.